



## New Commissioner Appointed



Peggy Ann Bierbaum was appointed as Gambling Commissioner in August 2005 and attended her first Commission meeting in September.

Commissioner Bierbaum is an attorney in private practice in Port Townsend.

She was born and raised in the suburbs of Chicago and attended school and worked in Chicago until 1988, when she moved to Seattle.

In 1999, she moved to Quilcene where she and her husband live on an eighty-acre farm with four horses, two dogs and a cat. Please join us in extending a warm welcome to our newest Commissioner.

## New Disclosure Deadlines

By: Special Agent Michele Chewerda, Certified Fraud Examiner, Financial Investigations Unit

On July 1, 2005, deadlines for reporting changes to licensing information changed.

Licensees must now send us any new or updated documents/information related to their licensing application no later than 60 days following the transaction date. For example, if your business rewrites a promissory note/loan agreement on September 15, 2005, a copy of that rewritten promissory note/loan agreement must be received by us no later than November 14, 2005.

Updated documents or information you need to send us include, but are not limited to, contracts and agreements that relate to the organizational structure or gambling activity; documents that set out organizational structure or purpose; and capital contributions, loans, and draws on lines of credit from other than a recognized financial institution that individually or collectively exceed \$10,000 (WAC 230-12-305).

*(Continued on page 2)*

### Commissioners:

Curtis Ludwig, Chair  
Alan Parker, Vice Chair  
Judge Janice Niemi (Ret.)  
John Ellis  
Peggy Ann Bierbaum

### Ex-Officio Members:

Senator Margarita Prentice  
Senator Jerome Delvin  
Representative Alex Wood  
Representative John Serben

### *Inside this Issue:*

- 2 Recent Rule Interpretation
- 2 New Rule Change Adopted
- 3 Rule Changes Under Discussion
- 5 Rule Changes on the Way
- 6 Commission Meeting Schedule
- 7 Tribal Gaming
- 8 Late Activity Reports
- 10 Administrative Case Update
- 14 Updated Rule

#### Administration

Director Rick Day  
Executive Assistant Shirley Corbett

#### Human Resources

Administrator Phyllis Halliday

#### Business Operations Division

Administrator Terry Westhoff

#### Information Technology Division

Administrator Tom Means

#### Licensing Services Division

Assistant Director David Trujillo

#### Communications and Legal Division

Acting Administrator  
Arlene Dennistoun

#### Operations

Deputy Director Neal Nunamaker

#### Tribal Gaming Unit

Agent in Charge Julie Lies

#### Electronic Gambling Lab

Administrator Dallas Burnett

#### Field Operations

Assistant Director Cally Cass

#### Eastern Region

Agent in Charge Gary Drumheller

#### Northwest Region

Agent in Charge Greg Thomas

#### Southwest Region

Agent in Charge Jeannette Sugai



#### Newsletter editor, layout and design.

Susan Arland, Rules Coordinator and  
Public Information Officer  
(360) 486-3466  
Susana@wsgc.wa.gov



This newsletter  
is published four  
times a year.

## Recent Rule Interpretation

### Token Wagers on House-Banked Card Games

WAC 230-40-800

Q: Can a card room operator limit the amount of a payout on a token wager?

A: No

Q: Can a card room operator restrict the types of token bets allowed or the amount of the token bet?

A: Yes

Q: How is the token wager treated for purposes of calculating the aggregate limits on payouts; and how are the player aggregate and table aggregate calculated?

A: **The token wager is treated as a separate bet and is not used in any aggregate calculations.**

Please call your field agent if you have any questions.

## New Rule Change Adopted

### Player-Supported Jackpot Rake: WAC 230-40-610

The rake limit for player-supported jackpots (PSJ) increased from \$1 to \$2 on January 1, 2006.

The Drift on Inn Casino, Shoreline, requested the increase in a Petition for Rule Change. The PSJ rake is placed in a separate prize fund which will be won by players. Staff found no regulatory concerns related to increasing the rake limit and the change was adopted at the November 2005, Commission meeting.

A copy of WAC 230-40-610 showing the change is on pages 14 and 15. Licensees need to remove these pages and insert them into their Rules Manual.

## New Disclosure Deadlines

(Continued from page 1)

Licensees must also notify us of any criminal, civil, and administrative actions filed by or against them or their officers/owners. We must receive a complete copy of the original documents filed for:

- (a) Criminal actions within 14 days; and
- (b) Civil or administrative actions within 30 days.



A copy of the final documents filed, including settlement agreements, must be received by us within 30 days after the final disposition of the case is determined (WAC 230-12-310).

For questions, please contact your local field agent or the Financial Investigations Unit at (360) 486-3555.

## Rule Changes Under Discussion

More details are on our website at [www.wsgc.wa.gov](http://www.wsgc.wa.gov) / Public Meetings / January 13, 2006, Commission Meeting

Rule changes can be requested by the public in a Petition for Rule Change. Rule changes are also proposed by staff. Generally, proposed rule changes are discussed at three Commission meetings. This gives licensees and the public time to review proposed rule changes and comment. At the third meeting, the Commission will usually adopt or reject a proposed change, or they may hold it over for further discussion at the next meeting. If you have comments on a proposed rule change, you are encouraged to attend a Commission meeting or send your comments in writing to WSGC, P.O. Box 42400, Olympia, Washington 98504, Attention: Rules Team; or e-mail [Rulesteam@wsgc.wa.gov](mailto:Rulesteam@wsgc.wa.gov).

### Fourth Public Hearing - January 13, 2006, Commission Meeting

#### **Petition for Rule Change**

##### **Increasing player-supported jackpot administrative fees**

WAC 230-40-610

The Recreational Gaming Association, which represents house-banked card rooms, requests that the administrative fee for player-supported jackpots (PSJ) be increased from 10% to 35%. This would increase the administrative fees a card room could keep from a \$2 PSJ rake from 20 cents to 70 cents.

PSJ funds must be kept in a separate PSJ bank account. The 10% administrative fee is intended to allow licensees to recoup the administrative expenses incurred with maintaining a separate PSJ bank account, including banking fees and recordkeeping.

#### **Petition for Rule Change**

##### **Increasing poker wagering limits from \$25 to \$100**

WAC 230-40-120

The wagering limit for poker is \$25. Poker wagering limits were increased from \$10 to \$25 in May 2000.

The Recreational Gaming Association is requesting that poker wagering limits be increased from \$25 to \$100 at house-banked card rooms. Nonhouse-banked card rooms' poker wagering limits would remain at \$25.



#### **Petition for Rule Change**

##### **\$200 wagering limits for house-banked card games**

WAC 230-40-120

In 2000, wagering limits for house-banked card games were set at \$100. On July 1, 2004, at the request of the card room industry, wagering limits increased to \$200 on a limited basis. Currently, card rooms authorized to operate:

- (a) Five tables or fewer may offer \$200 wagering limits at one table;
- (b) Six to ten tables may offer \$200 wagering limits at two tables; and
- (c) More than ten tables may offer \$200 wagering limits at three tables.

The Recreational Gaming Association is asking that \$200 wagering limits be authorized for all house-banked tables, rather than one, two or three tables, depending on the number of tables authorized under a license.

#### **Petition for Rule Change**

##### **Allowing new types of card games**

WAC 230-40-010

This rule authorizes certain types of card games and outlines rules of play. With very limited exceptions, players must receive cards and base their decision to fold, discard, draw additional cards, or raise the wager on the cards in their hand.

The Recreational Gaming Association is requesting that players no longer receive their own hand of cards. Instead, players would be responsible for their own decisions regarding the game, rather than their own hand. Players would be able to bet on the house's or another player's hand.

This change would allow additional types of card games, such as Mini-Baccarat, Craps style games (played with cards) and other games in house-banked card rooms, with one or more decks of standard playing cards.

## Rule Changes Under Discussion

### Third Public Hearing January 13, 2006, Commission Meeting

#### Petition for Rule Change Cash defined

Harmon Consulting, a licensed service supplier, is requesting that a new rule be written to define cash. The new definition expands how players could pay to participate in gambling activities and/or receive winnings. The Petitioner has indicated to staff that the intent of the change is to allow patrons to use “guest cards” to purchase pull-tabs and allow pull-tab winnings to be added to “guest cards.”

#### Staff opposes the petition for the following reasons:

- (a) Standards must be developed for an accounting system that interacts with gift cards and gambling activities.
- (b) Rules must be reviewed to determine other necessary changes and the impact on other gambling activities.
- (c) It would be difficult for staff to verify if winnings are credited accurately to gift cards.
- (d) It would apply to all gambling activities, not just pull-tabs.
- (e) It would allow pull-tab winnings to be credited to “guest cards.”

**Staff's Alternative:** Currently, cash, checks and debit cards may be used to participate in gambling activities. Staff does not have regulatory concerns allowing gift cards or gift certificates to be used to participate in gambling activities; however, staff is opposed to allowing gambling winnings to be stored on gift cards. An amendment to 230-12-050 (2) will be introduced at the January 13, 2006, Commission meeting to add gift certificates and gift cards as ways to participate in gambling activities.

### Second Public Hearing January 13, 2006, Commission Meeting

#### Activity Reports

WAC 230-08-120, WAC 230-08-125,  
WAC 230-08-180, WAC 230-08-250

The change would remove specific line items from activity reporting rules for amusements game, raffles and bingo licensees. This change gives staff flexibility to make changes to activity reports without going through the formal rule amendment process to change line items listed in the rules. This change will facilitate progress toward future online activity reporting for these licensees.

## New Rules Changes Up for Filing

### First Public Hearing January 13, 2006, Commission Meeting

#### Gambling Equipment at Trade Shows and Conventions WAC 230-12-337

This new rule would allow manufacturers and distributors licensed in Washington to display authorized gambling devices at trade shows and conventions, as long as operators of authorized gambling activities are the target audience of the trade show or convention. Purchase orders may be accepted at the events; however, all deliveries must be made to the operator's authorized location. Manufacturers will need to notify the Commission ten days before the start of a trade show or convention as to the nature, date, and location of the event.

#### Petition for Rule Change Card Room Supervision WAC 230-40-815

Currently, one floor supervisor must be on duty for every five tables in a pit. A Petition for Rule Change was submitted by Goldie's Casino, Shoreline, requesting that the number of tables one pit supervisor can oversee be increased from five to six tables.

#### Petition for Rule Change Punchboard / Pull-tab Service Business Permit

A Punchboard / Pull-tab (PB/PT) Service Business offers non-management related recordkeeping services to PB/PT operators. If a PB/PT Service Business has combined gross billings of \$20,000 or less it can operate under a permit, which initially costs \$217, with a yearly renewal fee of \$53.

If a permit holder's combined gross billings exceed \$20,000, the permit holder needs to get licensed as a Gambling Service Supplier. The Service Supplier license costs \$630 each year because the background and financial investigation checks are more in-depth than a permit investigation.



A Petition for Rule Change was submitted by a licensed Service Supplier requesting that the billings threshold be increased from \$20,000 to \$25,000 for a PB/PT Service Business Permit.



## New Rule Changes on the Way!

These rule changes are proposed by staff and will be discussed at the January 12, 2006, Study Session. We anticipate these rules will have their first public hearing at the February 10, 2006, Commission meeting.

### Staff Proposes Doing Away with the Following Rules:

#### Two Part Payment Plan

WAC 230-04-190, WAC 230-04-203(13)

This rule allows license fees of \$800 or more to be paid in two payments; the first half when the license is issued and the second half six months later. Approximately 1,000 licensees are using the two part payment plan, which is about 1/4 of all licensed organizations.



Staff resources are used up-front to investigate applications before a license is issued, whether the fee is paid in full or in two payments. At times, we don't receive the second half payment because a business closes. Furthermore, additional agency resources are used to keep records for the second half payment and following up on NSF checks submitted for the second half payment.

RCW 9.46.070(5) requires the Commission to establish a schedule of annual fees and that all licensing fees are submitted with applications.

As such, staff recommends doing away with the two part payment plan and requiring all license fees to be paid up front.

#### Manufacturer's Special Sales Permit

WAC 230-04-115, WAC 230-04-203(10)

The original intent of this rule was to allow manufacturers to get a permit to conduct a one-time-sale of gambling equipment to commercial operators and Tribes. We receive only a corporate disclosure of the business and a background check is run on the primary owners or officers; no other pre-licensing investigations are conducted.

Only a few permits have been issued; however, some of these manufacturers reapply each year to receive a new permit for continuous sales.

Because a full investigation is not done, the complete nature of the business, its owners, and its financial background are not known. Repealing this rule would require all manufacturers that bring gambling equipment into Washington to undergo a full investigation to ensure they are qualified to sell equipment in Washington.

### Staff Proposes Changes to the Following Rules:

#### Gambling Equipment Defined

WAC 230-02-412

Currently, all chips, cards and table layouts are considered gambling equipment and can only be in the possession of licensees. The increased popularity of poker has made logo cards/chips collector items. We receive numerous calls from collectors asking to purchase logo chips from trade shows or over the Internet.

We also respond to numerous questions from licensees wanting to know what they should do with chips/cards if they close their card room, or switch to a new logo.

Staff will be looking at the possibility of removing certain logo chips, cards and table layouts from the definition of gambling equipment so they can be in the possession of unlicensed persons and businesses.

Staff also proposes removing amusement games from the definition of gambling equipment. WAC 230-20-508 describes which amusement games are authorized and provides a process to introduce new coin or token activated amusement games into the state. Amusement games will continue to be addressed under WAC 230-20-508.

#### Services Supplier License

WAC 230-04-119, WAC 230-02-205

Staff proposes several changes to rules relating to service suppliers, including: clarifying what types of financiers need to be licensed and which do not; requiring businesses that analyze gambling equipment be licensed; and requiring businesses that enter into ongoing financial relationships with manufacturers to provide "gambling related software" to be licensed. "Gambling related software" affects the results/outcome of games, directly interfaces with, or controls, the operation of the gambling equipment.

#### Substantial Interest Holder Defined

WAC 230-02-300

Staff proposes an amendment to formally recognize that Limited Liability Companies can be substantial interest holders. This will codify current agency policy. Additionally, the percentage of ownership that qualifies a person as a substantial interest holder will also be reviewed for possible changes.

## New Rule Change on the Way!

This rule change is proposed by staff and will be discussed at the January 12, 2006, Study Session.

We anticipate this rule will have its first public hearing at the February 10, 2006, Commission meeting.

### **Card Room Operator's Spouse Needs a License to Work in Card Room Gaming**

Currently, the spouse of a card room operator may work as a card room employee without getting a card room employee license.

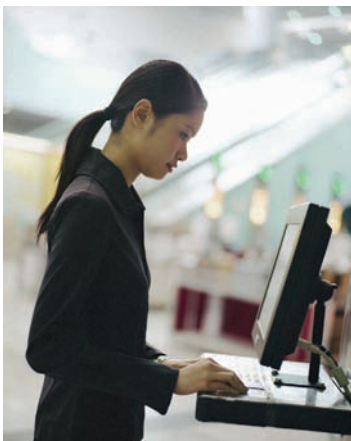


If the spouse violates gambling rules or laws, we don't have the ability to take administrative action against the spouse, because they are unlicensed. Instead, the card room is the focus of enforcement.

This new rule would require spouses of card room operators to be licensed as a card room employee, if they work in the gaming part of the business.

This will improve our ability to hold persons working in card rooms accountable for their actions.

**Visit our website at  
[www.wsgc.wa.gov](http://www.wsgc.wa.gov)**



## 2006 Commission Meeting Schedule

### **January 12<sup>th</sup> & 13<sup>th</sup>**

DoubleTree Guest Suites  
16500 Southcenter Parkway  
Seattle, WA 98188 – (206) 575-8220

### **February 9<sup>th</sup> & 10<sup>th</sup>**

Phoenix Inn Suites  
415 Capitol Way North  
Olympia, WA 98501 – (360) 570-0555

### **March 9<sup>th</sup> & 10<sup>th</sup>**

Red Lion Hotel – Olympia  
2300 Evergreen Park Drive  
Olympia, WA 98502 – (360) 943-4000

### **April 13<sup>th</sup> & 14<sup>th</sup>**

The Heathman Lodge  
7801 NE Greenwood Drive  
Vancouver, WA 98662 – (360) 254-3100

### **May 11<sup>th</sup> & 12<sup>th</sup>**

Marcus Whitman Hotel & Conf. Center  
6 West Rose Street  
Walla Walla, WA 99362 – (509) 525-2200

### **June - No Meeting**

### **July 13<sup>th</sup> & 14<sup>th</sup>**

A meeting location has not yet been determined.

### **August 10<sup>th</sup> & 11<sup>th</sup>**

LaConner Maple Hall  
108 Commercial Street  
LaConner, WA 98257 – (360) 466-3101

### **September 14<sup>th</sup> & 15<sup>th</sup>**

Red Lion Hotel at the Park  
303 W. North River Drive  
Spokane, WA 99201 – (509) 326-8000

### **October 12<sup>th</sup> & 13<sup>th</sup>**

The Hilton Hotel  
301 W 6<sup>th</sup> Street  
Vancouver, WA 98660 – (360) 993-4500

### **November 16<sup>th</sup> & 17<sup>th</sup>**

DoubleTree Guest Suites  
16500 Southcenter Parkway  
Seattle, WA 98188 – (206) 575-8220

### **December - No Meeting**

# Tribal Gaming

By: Special Agent Steve Steiner, Tribal Gaming Unit

Tribes are recognized by the federal government and Washington State as sovereign nations. The Indian Gaming Regulatory Act (IGRA) was passed by Congress in 1988.

The IGRA confirmed the rights of tribes to conduct gaming on tribal lands to promote tribal economic development. The gaming relationship between Washington State and the tribes is defined by the IGRA and Tribal-State Class III Gaming Compacts.

Compacts between federally recognized tribes and Washington State outline the Gambling Commission's (WSGC) authority to co-regulate tribal gaming.



The WSGC's authority to regulate tribal gaming is not based on state laws or Commission rules, it is based on the IGRA.

IGRA established three types of gaming with a different regulatory approach for each type of gaming.

**Class I Gaming** is defined as traditional or ceremonial Indian gaming for prizes of minimal value. Regulatory authority for Class I gaming is the responsibility of the tribal governments.

**Class II Gaming** includes bingo, pull-tabs, punch boards, tip jars and other games similar to bingo. Poker, within specific betting limits, is considered Class II gaming. Tribal governments are responsible for regulating Class II gaming with oversight from the National Indian Gaming Commission (NIGC).

**Class III Gaming** includes Nevada style gaming activities like lotteries, house-banked card games, horse racing, off-track betting, keno and machine gaming.

Class III Gaming Compacts establish a foundation for a regulatory partnership between each tribe and the WSGC.



The WSGC's Tribal and Technical Gambling Division is responsible for co-regulatory and criminal enforcement of the Class III Gaming Compacts with each Tribal Gaming Agency (TGA).

The WSGC's Tribal Gaming Unit monitors Class III gaming by performing on-site assessments, reviews and investigations.

Each tribal casino has a Tribal Gaming Agency (TGA) that regulates its gaming operations and tribal gaming agents are on-site during all gaming hours.

Each TGA is responsible for the enforcement of all applicable tribal ordinances and rules, provisions in their Tribal-State Class III Gaming Compact, and the NIGC's Minimum Internal Control Standards.



The result is Washington's tribal casinos have tribal, state and federal agencies involved in gaming regulation.

If you have questions or concerns regarding a tribal casino, please contact the casino's TGA or our Tribal Gaming Unit. You can reach our Tribal Gaming Unit at [tribalgamingunit@wsgc.wa.gov](mailto:tribalgamingunit@wsgc.wa.gov) or at (360) 486-3581.

## Late Activity Reporting—Administrative Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
BBQ Pete's, Tacoma	Failure to timely submit its Quarterly Activity Report (QAR) for the second quarter of 2005 and a Settlement Order violation.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license.
Carbonado Saloon, Carbonado	Failure to timely submit its QAR for the first quarter of 2005.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license.
Cascade Pizza & Italian Cuisine, Sedro Woolley	Failure to timely submit its QAR for the second, third and fourth quarters of 2004, the first quarter of 2005, and failure to pay its gambling taxes and a Settlement Order violation.	An Administrative Law Judge (ALJ) issued an Initial Order, revoking the license. The licensee filed a Petition for Review. The licensee failed to appear at the Commission meeting. The Commission affirmed the ALJ's decision revoking the license.
CJ's Pub N Grub, Renton	Failure to timely submit its QAR for all the quarters of 2004 and the first and second quarters of 2005.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license.
Fireside, Washougal	Failure to timely submit its QAR for the second and third quarters of 2003, the first, second, third, and fourth quarters of 2004, and the first quarter 2005.	The licensee agreed to a 15 day suspension, with 5 days deferred and 10 days vacated by a fine of \$750 and administrative costs of \$300.
Flight Deck, Yakima	Failure to submit its QAR for the first and second quarters of 2005.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license.
FOE # 00252, Hoquiam	Failure to timely submit its QAR for all the quarters of 2004 and the first and second quarters of 2005.	The licensee agreed to a 15 day suspension, with 5 days deferred and 10 days vacated by a fine of \$750 and administrative costs of \$300.
G Litzee's Tavern, Greenacres	Failure to timely submit its QAR for all the quarters of 2003, all the quarters of 2004, and the first quarter of 2005.	The licensee agreed to a 15 day suspension, with 5 days deferred and 10 days vacated by a fine of \$750 and administrative costs of \$300.
Kuhnles Tavern, Marysville	Failure to timely submit its QAR for the and fourth quarter of 2004.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license. The licensee filed a Motion to Vacate the Default Order, which was denied.



## Late Activity Reporting—Administrative Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Logs Restaurant, White Salmon	Failure to timely submit its QAR for the second, third and fourth quarters of 2004.	An ALJ issued an Initial Order, revoking the license. The licensee filed a Petition for Review. The Commission affirmed the ALJ's decision revoking the license.
Mike's Place Tavern, Renton	Failure to timely submit its QAR for the second, third and fourth quarters of 2004, and the first quarter of 2005, and failure to pay its gambling taxes for all quarters of 2004 and the first quarter of 2005.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license. The licensee filed a Motion to Vacate the Default Order, which was granted. The licensee failed to appear at the administrative hearing. An ALJ issued a Default Order revoking the license.
Pockets, Lynnwood	Failure to timely submit its QAR for the second, third and fourth quarters of 2004, the first quarter of 2005, and failure to pay its gambling taxes for the fourth quarter of 2004 and the first quarter of 2005.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license.
Smeads, Washougal	Failure to timely submit its QAR for the second, third, fourth quarters of 2003, the first, second, and fourth quarters of 2004, and first and second quarters of 2005.	The licensee agreed to a 20 day suspension. Eight days were deferred and 12 days were vacated by a fine of \$1,300.
Sunnydale Saloon, SeaTac	Failure to timely submit its QAR for all the quarters of 2004 and the first and second quarters of 2005.	The licensee voluntarily surrendered its license in a Settlement Order.
Trudy's Bar, Tukwila	Failure to timely submit its QAR for all quarters of 2004 and the first and second quarters of 2005.	The licensee agreed to a 15 day suspension, with 5 days deferred and 10 days vacated by a fine of \$750 and administrative costs of \$300.
VFW #06268, Wilbur	Failure to timely submit its QAR for all quarters of 2004 and the first and second quarters of 2005.	The licensee agreed to serve a 15 day suspension.
Woodshed, Belfair	Failure to timely submit its QAR for the second quarter of 2004 and a Settlement Order violation.	An ALJ issued an Initial Order, suspending the license for 30 days. The licensee filed a Petition for Review. The Commission affirmed the ALJ's Initial Order.

## Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Kegler's Choice Restaurant, East Wenatchee	Allowed a minor to participate in a house-banked card game.	The licensee agreed to a five day suspension. Four days were deferred and one day was vacated by a fine and costs totaling \$7,260.
Parker's Sports Bar, Shoreline	Allowed a minor to participate in a house-banked card game.	The licensee agreed to a five day suspension. Four days were deferred and one day was vacated by a fine and costs totaling \$14,012.
Kosol Meas, CRE, (Formerly employed at Magic Lanes Casino), Renton	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Meas' license.
Reginald Ngeth, CRE, (Formerly employed at Magic Lanes Casino), Renton	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Ngeth's license.
Yonsoo Ogle, Class III Employee, (Formerly employed at Emerald Queen Casino), Lacey	Cheating.	The licensee voluntarily surrendered her license for one year in a Settlement Order.
Chhany Sar, CRE, (Formerly employed at Magic Lanes Casino), Renton	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Sar's license.
Julius Stacey, CRE, (Formerly employed by Wild Goose Casino), Ellensburg	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Stacey's license.
Regina Charles, CRE, (Formerly employed at Slo-Pitch Pub & Eatery), Bellingham	Criminal History.	The licensee failed to respond to the charges and a Default Order was entered, revoking Ms. Charles' license.
George Trad, CRE, (Formerly employed by New Phoenix and Last Frontier), La Center	Criminal History.	An ALJ issued an Initial Order, revoking Mr. Trad's license. The licensee filed a Petition for Review. The Commission affirmed the ALJ's decision revoking the license.
George Bryson, Applicant, Renton	Denial of application due to criminal history.	The applicant's employer withdrew from Mr. Bryson's application making the application incomplete. The case was closed and a lock placed on his licensing file, alerting staff of the applicant's history.
Moon Martin, Jr., Applicant, Auburn	Denial of application due to criminal history.	The applicant failed to respond to the charges and a Default Order was entered denying Mr. Martin's application.
Heriberto Maya, Applicant, Pasco	Denial of application due to criminal history.	The applicant's employer withdrew from Mr. Maya's application making the application incomplete. The case was dismissed without prejudice and a lock placed on his licensing file, alerting staff of the applicant's history.

## Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Cou-Van Gaming, Applicant, East Wenatchee	Denial of application due to operating without a gambling license.	The applicant agreed that upon licensure it will serve a 15 day suspension. Five days were deferred for one year and ten days vacated by a fine and costs totaling \$5,227.
Kuhnles Tavern, Applicant, Marysville	Denial of application due to previous license revocation for failure to timely submit Quarterly Activity Reports.	The applicant agreed that upon licensure it will serve a twenty day suspension. Eight days of the suspension were deferred for two years, twelve days vacated by fines and costs totaling \$1,900, and the licensee agreed to timely submit all subsequent activity reports.
Pine Tree, Applicant, Westport	Denial of application due to failure to provide information.	The licensee voluntarily withdrew its application. A lock was placed on the licensing file, alerting staff of the applicant's history.
Spokane Valley Foundation, Spokane	Excessive Reserves.	The licensee voluntarily surrendered its license in a Settlement Order.
Mr. Ed's Bingo & Casino Supply, Inc., Mukilteo	Extension of credit and a settlement order violation.	The licensee agreed to serve a 30 day suspension. Twenty days were served and 10 days vacated by a fine and costs totaling \$25,000. An additional 5 days were served for violation of a previous settlement order.
Benny's Riverside Inn, Tukwila	Failure to properly maintain complete and accurate accounting records on an accrual basis.	The licensee agreed to serve a ten day suspension.
Bergies Bar & Grill, Renton	Failure to renew its punchboard/pull-tab license at the next (higher revenue) class level and to timely submit the upgrade form and fee.	The licensee agreed to serve a 30-day suspension.
Faulkner Enterprises, East Wenatchee	Failure to submit management and financing agreements for approval and providing services outside the purpose specified on its original license application.	The licensee agreed to serve a six day suspension. Two days were deferred for one year and four days were vacated by a fine and costs totaling \$3,540.
Fraternal Order of Eagles #00002, Spokane	Failure to provide its Financial Statement and Annual Progress Report.	The licensee agreed to a five day suspension. One day was deferred for one year and four days were vacated by a fine and costs totaling \$1,537.
Gold Strike Casino, Walla Walla	Failure to produce documents.	The licensee voluntarily surrendered its license in a Settlement Order.

## Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Mikohn Gaming Corporation, Las Vegas	Failure to provide information.	The licensee agreed to a 17 suspension. All 17 days were vacated by a fine and costs totaling \$60,988.
Royal Everett, LLC, d/b/a Royal Casino, Everett	Failure to provide Source of Funds information, misrepresentation of material facts, and failure to pay gambling taxes.	The licensee paid all outstanding gambling taxes and agreed to serve a 30 day suspension. Ten days were deferred for one year, one day was served, and 19 days were vacated by a fine and costs totaling \$75,000.
Last Frontier, La Center	Bookmaking activity occurred on the licensed premises.	The licensee agreed to a 15 day suspension. Five days were deferred and 10 days were vacated by fines and costs totaling \$32,218.50.
New Phoenix, La Center	Bookmaking activity occurred on the licensed premises.	The licensee agreed to a 15 day suspension. Five days were deferred and 10 days were vacated by fines and costs totaling \$32,218.50.
Bally Gaming and Systems, Las Vegas	Installed non-compliant electronic gaming machines.	The licensee agreed to serve a seven day suspension. Six days were deferred for one year and one day was vacated by a fine and costs totaling \$19,855.
Jodi L. Smith, Card Room Employee (CRE), (Formerly employed at Kegler's Choice Restaurant), East Wenatchee	Internal Control Violation: failure to follow check cashing procedures.	The licensee agreed to serve a seven-day suspension.
PJ Pockets, Federal Way	Operated more than the maximum allowable house-banked card tables at the maximum betting limit.	The licensee agreed to serve a five day suspension. Four days were deferred and one day was vacated by a fine and costs totaling \$7,953.
Golden Nugget Casino, Tukwila	Player-Supported Jackpot violation: failure to have a licensed prize fund custodian to ensure accountability of funds; failure to limit prize funds paid in cash to \$500; and failure to submit internal control changes to Commission staff.	The licensee agreed to serve a 15-day suspension. Thirteen days were deferred and two days were vacated by a fine and costs totaling \$20,500.
Silver Dollar Casino, SeaTac	Player-Supported Jackpot violation.	The licensee agreed to serve a 15 day suspension. Fourteen days were deferred for one year and one day was vacated by a fine and costs totaling \$10,635.
Chuc Q. Dau, CRE, (Employed by Last Frontier/New Phoenix Casinos), La Center	Placed bets with a bookmaker.	The licensee agreed to serve a 30 day suspension.



## Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
“Johnny” Tuan L. Nguyen, CRE, (Formerly employed by Last Frontier/New Phoenix Casinos), Vancouver	Placed bets with a bookmaker and failed to inform Commission staff of illegal gambling activities.	The licensee failed to respond to the charges and a Default Order was entered revoking Mr. Nguyen’s license.
Truong V. Le, CRE, (Formerly employed by Last Frontier/New Phoenix Casinos), Vancouver	Placed bets with a bookmaker.	The licensee failed to respond to the charges and a Default Order was entered revoking Mr. Le’s license.
Leroy Williams, Class III employee, (Formerly employed by Clearwater Casino), Bremerton	Represented himself as a Washington State Gambling Commission Agent.	The licensee agreed to not hold or re-apply for a gambling certification or license until January 17, 2006.
Marlene M. Nowak, Class III employee, (Formerly employed at the Muckleshoot Casino), Auburn	Attempted to claim a Video Gaming Device ticket worth \$100 that did not belong to her.	The licensee voluntarily surrendered her Class III certification for one year in a Settlement Order.
Saree T. Phriep, CRE, (Formerly employed at Silver Dollar/Renton), Kent	Theft of \$2,000 - \$3,000 in gaming chips while working as a dealer.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Phriep’s license.
Michael Trunkhill, CRE, (Formerly employed at Celebrities Casino), Kennewick	Theft of \$22 in gaming chips while working as a dealer.	The licensee voluntarily surrendered his license in a Settlement Order.
BJ Kostelecky, Class III employee, (Formerly employed at the Muckleshoot Casino), Auburn	Theft of \$100.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Kostelecky’s Class III certification.
Sam Kith, CRE, (Formerly employed by Silver Dollar Casino), Mountlake Terrace	Theft of \$57 while working as a dealer.	The administrative charges were returned to Commission staff as undeliverable. The CRE’s license expired and he did not renew his gambling license. The case was closed and a lock was placed on his licensing file, alerting staff of his history.
Timothy Quaschnick, CRE, (Formerly employed by Classic Rock Casino), Spokane	Theft of \$15,000 from casino cage.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Quaschnick’s license.
Asuncion A. Keplinger, Class III employee, (Formerly employed by Nooksack River Casino), Deming	Theft of \$2,000 from casino cage.	The licensee voluntarily surrendered her Class III certification in a Settlement Order.
John R. Hawthorne, Nonprofit gambling manager (formerly employed by Spokane Valley Foundation) Spokane	Theft of \$35,250	The licensee voluntarily surrendered his gambling license in a Settlement Order.

## AMENDATORY SECTION

### **WAC 230-40-610 Player-supported jackpots-- Restrictions--Manner of conducting-- Approval.**

A player-supported jackpot (PSJ) is a separate contest of chance directly related to the play and/or outcome of authorized nonhouse-banked card games but which is not the card game itself. Card rooms with a Class F or house-banked license may establish a prize fund for the purpose of operating a PSJ for nonhouse-banked card games. Any PSJ must be approved in writing by the director or the director's designee prior to play. A PSJ must meet the following requirements:

#### **Funding a PSJ.**

(1) A licensee may provide house funds to establish a PSJ. The licensee shall issue a check from the general business account into the PSJ account to start the prize fund. Recouping of start up funds shall be done by issuing a check from the PSJ account to the business general account. Electronic bank transfers shall satisfy this requirement. Start up funds shall not exceed five thousand dollars per PSJ.

#### **Using a rake to fund a PSJ.**

(2) A licensee may assess a portion of players' wagers for a jackpot prize. Such amount shall not exceed ~~((one))~~ **two dollars** per hand or game for each PSJ. This assessment shall be separately collected using the rake method.

#### **PSJ funds are player funds - exception from administrative fee.**

(3) The licensee acts only as the custodian of the PSJ funds, including any interest earned on this money, and maintains no legal right to the funds. All PSJ funds shall be awarded as prizes, based upon a format approved by commission staff. An administrative fee not to exceed ten percent of the amount collected for a PSJ may be imposed by the licensee. This administrative fee includes all expenses incurred by the licensee, including banking fees. No other expenses beyond the ten percent administrative fee shall be deducted from the PSJ account.

#### **Prize fund custodian.**

(4) Each licensee shall designate at least one "prize fund custodian" who shall be responsible for safeguarding and disbursing funds to winners. A prize fund custodian may be an owner, partner, officer, or licensed individual designated by a card room owner, partner, or officer. The custodian shall have signature authority for prize fund bank accounts and ensure accountability of all funds collected for use in a PSJ. The licensee shall meet the deposit requirements of WAC 230-40-608.

#### **Payout of prizes.**

(5) Prize amounts paid in cash shall not exceed two thousand five hundred dollars. Prize amounts not awarded in cash shall be paid within twenty-four hours, by check, the type which provides a duplicate copy. A record of all prizes paid shall be maintained in the format prescribed by commission staff and shall include:

(a) For prizes less than one hundred dollars, a system of accounting denoting each individual prize may be utilized.

(b) For prizes one hundred dollars and above, the following information shall be recorded on a prize record:

- (i) Full printed name;
- (ii) Date of birth;
- (iii) Street address;
- (iv) Type of identification reviewed;
- (v) Amount of the prize awarded;
- (vi) Description of the winning hand;
- (vii) Time and date awarded; and
- (viii) The supervisor's and dealer's initials.

(c) When awarding a prize of five hundred dollars or more, the dealer must, in view of the surveillance camera, display the value and suit of each card in the winning hand, and the remaining cards in the deck must be counted and put in numerical order by suit to confirm a complete deck. The hand shall be collected and sealed with the prize record. The winning hand and remaining deck shall be maintained on the premises as part of daily card room records for a period of seven days, unless released by a commission agent.

**Owners and employees competing for a PSJ.**

(6) Owners, custodians and on-duty card room employees may participate in card games that offer a PSJ, but may not share in the winnings of any prize awarded. Any prize winnings an owner or on-duty employee may be entitled to under game rules, must be divided equally among the other players at the table: Provided, That off-duty employees may participate in card games that offer a PSJ and share in the prize winnings.

**Owners and employees showing cards.**

(7) Owners and on-duty card room employees must turn their cards face up at the end of each game so they may be observed by other players at the table and surveillance if:

- (a) Playing in a game with a PSJ;
- (b) The prize is not based upon a predetermined hand; and
- (c) There is a qualifying hand at the end of a game (such as a "bad beat" hand).

**House dealer required.**

(8) All card games offering a PSJ must utilize a house dealer.

**Security requirements.**

(9) Each gaming table offering a PSJ shall be required to install a closed circuit television system as outlined in WAC 230-40-625: Provided, That licensees operating any house-banked card games shall follow the security requirements set forth in WAC 230-40-825 for all tables in the card room, including those offering a PSJ.

**Removing a PSJ from play.**

(10) The following procedures shall be followed for all discontinued player-supported jackpots:

*Discontinued.*

(a) In the event a licensee elects to discontinue a PSJ, the balance, less any nonrecouped seed money, shall be distributed to players within sixty days of discontinuance by offering an approved promotion or card tournament of the same game under which the PSJ was originally accrued.

*Closure of business.*

(b) In the event a licensee ceases to operate a card room, or fails to maintain a valid card room license, all funds associated with the PSJ shall be distributed to the Washington state council on problem gambling.

*Posting rules.*

(c) The licensee shall conspicuously post a sign stating how PSJ money will be distributed in the event the PSJ is discontinued or the business closes. The sign must be posted at the inception of the PSJ.

**House rules.**

(11) House rules, to include administrative fees shall be posted in a location readily visible by all players and disclose the conditions under which prizes may be won, the prize amount, cost to participate, and any other conditions which may affect the outcome of the game.

**Dispute resolution.**

(12) If a dispute arises involving the outcome of a PSJ, the licensee shall preserve the video recording, the winning hand and remaining deck, and all records for the game where the dispute occurred and shall notify commission staff within twenty-four hours. The licensee shall document all information pertaining to the dispute including:

- (a) The names, addresses, and phone numbers of all players, card room staff, and any witnesses involved;
- (b) Amount of the advertised PSJ; and
- (c) A full description of the circumstances surrounding the dispute.

(13) All disputes involving a PSJ will be investigated by commission staff, with a report submitted to the director. A written decision will be issued by the director, or the director's designee, and such decision shall be final.

(14) During the course of dispute resolution, the commission may become the temporary custodian of any and all prize funds. The PSJ will be suspended until the dispute is resolved.

# Our Mission: Protect the Public By Ensuring that Gambling is Legal and Honest.

**For Operational or Regulatory Questions, please call our field office closest to you.**

Bellingham (360) 676-2012

Spokane (509) 329-3666

Everett (425) 339-1728

Tacoma (253) 471-5312

Kennewick (509) 734-7412

Wenatchee (509) 886-6230

Renton (425) 277-7014

Yakima (509) 575-2820

**Headquarters – Lacey**  
**(800) 345-2529 (360) 486-3440 TDD: (360) 486-3637**

<b>Division</b>	<b>Extension</b>	<b>Division</b>	<b>Extension</b>
Administration	3447	Mandatory Training Schedule	3440
Administrative Charges/Hearings	3465	Media Questions	3466 or 3463
Commission Meeting Agenda	3447	Newsletter	3466
Electronic Gambling Equipment Review	3504	Problem Gambling	3468
Human Resources (Personnel)	3457	Public Disclosure Requests	3529
ID Stamps (Business Office)	3489	Record Keeping Forms	3440
Licensee Activity Reports	3474	Rule Changes	3466
License Application Requests & Status	3440	Tribal Negotiations	3449
Licensing Investigations	3555	Tribal Regulation / Implementation	3587

## **Washington State Gambling Commission**

Mailing Address: P.O. Box 42400, Olympia, WA 98504-2400

Location: 4565 7<sup>th</sup> Avenue SE, Lacey, WA 98503

[www.wsgc.wa.gov](http://www.wsgc.wa.gov)

PRSRT STD  
U.S. POSTAGE PAID  
Washington State  
Department of Printing